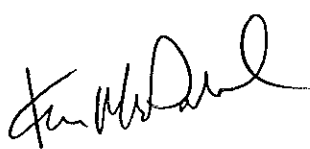
**MARYLAND HEALTH CARE COMMISSION**4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236**MEMORANDUM**

TO: Commissioners

FROM: Kevin R. McDonald
Chief, Certificate of Need 

DATE: July 21, 2016

SUBJECT: Chesapeake Residential Treatment Center
Docket No. 15-24-2371

Enclosed is the staff report and recommendation for a Certificate of Need ("CON") application filed by Chesapeake Residential Treatment Center.

Chesapeake Treatment Center ("CTC") is a 29-bed residential treatment center ("RTC") operated by Chesapeake Treatment Centers, Inc. RTCs provide a program of active psychiatric treatment for children and/or adolescents on a residential basis under the direction of a psychiatrist and in conformity with an individualized treatment plan. Chesapeake Treatment Centers, Inc. is a private vendor which contracts with the Department of Juvenile Services ("DJS") to provide treatment to adjudicated juvenile sexual offenders (AJSOs) with mild developmental disabilities on the grounds of the Charles H. Hickey, Jr. School. This program is operated under the d/b/a of *New Directions*. CTC is a secure facility located at 9700 Old Harford Road in Baltimore (Baltimore County).

In this project CTC proposes to add a program called *The Right Moves* to serve a resident population that it has not been previously authorized to serve. The Right Moves Program will provide comprehensive clinical services to "transition-aged" (18 to 20) males with complex mental health, substance abuse and behavior problems who are in the custody of DJS. This program is intended to serve young men who are eligible for Medicaid coverage who are currently being placed in secure out-of-state facilities because appropriate facilities are not available in Maryland.

The proposed project will refurbish eight patient rooms at CTC and the community/day room and furnish the facility with movable equipment. The estimated cost of this project is \$80,000.

Commission staff analyzed the proposed project's compliance with the applicable State Health Plan standards and the other applicable CON review criteria at COMAR 10.24.01.08 and recommends that the project be APPROVED.

IN THE MATTER OF

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BEFORE THE

CHESAPEAKE TREATMENT

MARYLAND HEALTH

CENTERS, INC.

CARE COMMISSION

DOCKET NO. 15-24-2371

Staff Report and Recommendation

July 21, 2016

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I. INTRODUCTION

The Applicant

Chesapeake Treatment Centers, Inc d/b/a New Directions and The Right Moves ("CTC") is a 29-bed residential treatment center ("RTC"). RTCs provide a program of active psychiatric treatment for children and/or adolescents on a residential basis under the direction of a psychiatrist and in conformity with an individualized treatment plan. CTC is a secure facility located at 9700 Old Harford Road in the Parkville area of Baltimore County on the grounds of the Charles H. Hickey, Jr. School. Established in 2000, CTC provides treatment to a special population of adjudicated juvenile sexual offenders (AJSOs) with mild developmental disabilities. The Charles H. Hickey, Jr. School is a regional detention center for up to 72 youth awaiting trial or placement in a treatment program operated by the Maryland Department of Juvenile Services ("DJS"). Thus, a private vendor, New Directions, runs CTC as a treatment program for sex offenders at the School.

The Project

CTC proposes to serve a resident population that it has not been previously authorized to serve. Currently, it is only authorized to serve juvenile sex offenders. It plans to refurbish eight patient rooms at CTC and the community/day room and furnish the facility with movable equipment for the establishment of its Right Moves program. The Right Moves program will provide comprehensive clinical services to "transition-aged" (18 to 20) males with complex mental health, substance abuse, and behavior problems who are in the custody of DJS. This program is intended to serve young men who are eligible for Medicaid coverage and who are currently being placed in secure out-of-state facilities because appropriate facilities are not available in Maryland. The estimated cost of this project is \$80,000.

Residential Treatment Centers

RTCs are mental health facilities for children and adolescents with serious long-term emotional, behavioral, and psychological problems. The DJS Division of Operations is responsible for selecting the most appropriate out-of-home placement for youth who have been committed to the custody of DJS by juvenile courts. Program placements vary based on the treatment services provided as well as by security level.

DJS has established three levels of residential program placements based largely on the level of program restrictiveness (see Table I-1). Level I placements include programs where youth reside in a community setting and attend community schools. Level II placements include programs where educational programs are provided on the facility's grounds and staff monitoring and supervision restrict youth movement and freedom. Level III program placements provide the highest level of security by augmenting staff supervision with physical attributes of the facility, i.e., locks, bars, and fences ("hardware secure"). CTC is a Level III facility.

When DJS is unable to meet the individualized service needs of a youth in an in-state RTC, it seeks placement of the youth in an out-of-state RTC. Such placements are facilitated by an Interstate Compact between Maryland and other states.

Table I-1: Levels of RTC Program Placement

| Levels of Residential Program Placement | Description |
|--|--|
| Level I – Community Residential | <ul style="list-style-type: none"> • Traditional Foster Care, Treatment Foster Care • Group Home, Therapeutic Group Home • Alternative Living Unit • Independent Living |
| Level II – Staff Secure Residential | <ul style="list-style-type: none"> • Group Home, Therapeutic Group Home with on-ground School • Intermediate Care Facility for Addiction • Residential Treatment Center • Behavioral Program (e.g. Youth Center) |
| Level III - Hardware Secure Residential | <ul style="list-style-type: none"> • Residential Treatment Center • Hardware Secure Behavioral Program |

Source: Section IV: Committed Programs, p.144 & p.125, DJS Annual Report, http://www.djs.maryland.gov/drg/2015/2015_Full_DRG.pdf

Summary Recommendation

Staff recommends approval of this project based on its conclusion that the proposed project complies with the applicable standards in COMAR 10.24.07(G): Interim Residential Treatment and Capacity, the relevant portion of the Psychiatric Services Chapter of the State Health Plan. Need for the project is demonstrated, based on projected use of the proposed eight beds attested to by the referring agency, the Maryland Department of Juvenile Services. Staff concludes that the project is a cost effective approach to meeting the project's objective of providing appropriate treatment of the target population within Maryland. Viability of the project is likely, based on the expected volume of referrals from DJS and the level of reimbursement provided. The project will not have a negative impact on cost of treatment or on other Maryland health care providers and will have a positive impact on the availability and accessibility of treatment for the affected young adults and access for their families to the treatment site.

II. PROCEDURAL HISTORY

Record of the Review

Please see Appendix A for the Record of the Review.

Interested Parties

There were no interested parties in this review.

Local Government and State Agency Review and Comment

Secretary Sam Abed, Secretary of the Maryland Department of Juvenile Services provided a letter of support for the CTC plan to use underutilized bed capacity to serve a population that would otherwise be placed in out-of-state RTC's. (DI# 23, p.1)

Community Support

Jon Hackbarth, Co-Chairperson of the Maryland Residential Treatment Center Coalition, provided a letter of support for this project on behalf of the Coalition. Mr. Hackbarth is Director of Centralized Services at the Family Services Division of Catholic Charities. (DI# 21)

III. BACKGROUND

Residential Treatment Center programs in the Service Area and the State

There are seven RTCs in the Central Maryland Region and a total of 11 RTCs in the State of Maryland. Some facts about RTCs in the State of Maryland compiled by the Maryland Coalition of Families¹:

- Only four RTCs in the State of Maryland exclusively serve males.
- All of the RTCs have their own schools. These schools serve the needs of both the RTC residents and youth in the neighboring community who need a more intensive school placement.
- About 50% of the youth served by RTCs have been placed in these facilities by the Department of Juvenile Services or the Department of Social Services.

According to DJS, none of Maryland's residential treatment centers offers treatment to transitional-aged males (aged 18-20) with multiple behavioral problems who require hardware and staff security because they pose a threat to the community. An inventory of the State of Maryland Residential Treatment Centers is located in Appendix B.

Residential Treatment Center Utilization Trends

Utilization of in-state RTCs has been declining. Table III-1 below profiles their utilization between fiscal year ("FY") 2011 and FY 2015. It shows:

- **Placements are down 31% over five years:** Between FY 2011 and FY 2015, the overall number of DJS-committed offenders placed in residential treatment centers decreased 31%, from 192 to 133. This decrease in DJS placements is due to the State's Juvenile Justice Reform efforts, which promote the treatment of youth in community-based placements instead of secure facilities.

¹ Source: <http://www.mdcoalition.org/resources/pages/residential-treatment-centers>

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- **The Average Daily Population (“ADP”) in RTCs is declining:** The ADP at Maryland Residential Treatment Centers has decreased 26% between FY 2011 and FY 2015. The majority of RTCs in the State of Maryland experienced a decline in ADP. Overall, the RTC ADP dropped from 142.8 in FY 2011 to 105.4 in FY2015.

Table III-1: RTC Placement Admissions by Maryland Agencies and Average Daily Population

| Region | FY2011 | | FY2012 | | FY2013 | | FY2014 | | FY2015 | |
|-----------------------------|--------|-------|--------|------------------|--------|-------|--------|------------------|--------|-------|
| | Admits | ADP | Admits | ADP | Admits | ADP | Admits | ADP | Admits | ADP |
| ABH – Anne Arundel | 7 | 8.8 | 8 | 5.6 | 0 | N/A | N/A | N/A | N/A | N/A |
| ABH – Eastern Shore | 28 | 17.1 | 24 | 14.5 | 25 | 12.9 | 15 | 12.7 | 4 | 4.6 |
| Chesapeake RTC | 22 | 18.1 | 9 | 19.7 | 16 | 18.5 | 22 | 23.2 | 14 | 17.2 |
| Good Sheppard Ctr. – Male | 7 | 2.5 | 9 | 7.8 | 6 | 6.6 | 3 | 3.7 | 6 | 4.5 |
| Good Sheppard Ctr. – Female | 33 | 22.9 | 30 | 25.9 | 23 | 20.3 | 9 | 7.9 | 25 | 14.3 |
| Jefferson School | 17 | 12.1 | 27 | 17.9 | 13 | 17.3 | 11 | 11.0 | 12 | 8.7 |
| ABH - Potomac Ridge | 16 | 15.7 | 18 | 11.5 | 15 | 11.6 | 19 | 13.3 | 12 | 10.3 |
| RICA Baltimore | 15 | 7.8 | 6 | 4.5 | 9 | 4.8 | 9 | 8.1 | 6 | 4.8 |
| RICA Rockville | 2 | 3.8 | 0 | 2.1 ⁴ | 2 | 1.0 | 0 | 2.0 ² | 0 | 0.6 |
| Sheppard Pratt Towson | 15 | 5.8 | 12 | 5.6 | 15 | 8.0 | 19 | 8.4 | 17 | 8.4 |
| Villa Maria | 1 | 1.6 | 4 | 1.3 | 4 | 4.3 | 4 | 3.8 | 6 | 3.4 |
| Woodbourne | 29 | 26.6 | 19 | 27.4 | 20 | 27.2 | 35 | 30.6 | 31 | 28.6 |
| <i>Total</i> | 192 | 142.8 | 166 | 143.8 | 148 | 132.5 | 146 | 122.7 | 133 | 105.4 |

Sources: [http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2011.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2011.pdf), p.128; [http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2012.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2012.pdf), p.137; [http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2013.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2013.pdf), p.140; [http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2014.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2014.pdf), p.14; and http://www.djs.maryland.gov/drg/2015/2015_Full_DRG.pdf, p.144

² Although there were no admissions to this program in FY2014, ADP reflects a balance from prior FYs.

IV. REVIEW and ANALYSIS

The Commission is required to make its decision in accordance with the general Certificate of Need review criteria at COMAR 10.24.01.08G(3), which outlines six criteria for use by the Commission in CON review. The first criterion is consideration of the applicable State Health Plan (“SHP”) standards and policies. The State Health Plan chapter that applies is the Interim Residential Treatment Center Capacity Section of the Psychiatric Services Plan, COMAR 10.24.07 (“Psychiatric Services Chapter”).

A. THE STATE HEALTH PLAN

COMAR 10.24.01.08G(3)(a) State Health Plan.

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.

Not all of the standards in this Psychiatric Services Chapter are still relevant and applicable in this review because the ways in which RTCs are used have changed since establishment of this plan. Only the applicable standards are considered here.

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|--|
| COMAR 10.24.07(G) – Interim Residential Treatment Center Capacity |
|--|

(3) The Commission will use the following standards to review applications to provide residential treatment center care.

- (a) *Need. Each applicant shall document the need for residential treatment center care in the community it intends to serve.*

CTC provided data showing that between FY 2011 and FY 2015, DJS placed 92 youth in facilities outside of Maryland due to in-state service gaps for youth in custody. Table IV-1 shows how many youth were sent out-of-state and where they went.

**Table IV-1: Out-of-State Residential Treatment Center Placement Admissions
FY13-FY15**

| Residential Treatment Center | State | Placements | | | | |
|--------------------------------------|-------|------------|-----------|-----------|-----------|-----------|
| | | FY11 | FY12 | FY13 | FY14 | FY15 |
| Boys' Town | NE | - | 4 | 1 | 6 | 1 |
| Cottonwood Treatment Center | UT | 4 | 1 | - | 1 | 3 |
| Devereux (Florida) | FL | 2 | 3 | 1 | - | 2 |
| Devereux (Georgia) | GA | 5 | 4 | 4 | 3 | 1 |
| Devereux (Pennsylvania) | PA | - | - | 1 | 0 | 0 |
| Keystone Newport News | VA | 2 | 3 | - | - | - |
| Kid Link-Coastal Harbor Treat Center | GA | - | - | - | 3 | 1 |
| New Hope Carolinas | SC | 1 | - | 2 | 7 | - |
| Palmetto Behavioral Health | SC | 3 | - | - | - | - |
| Pines Youth Men's Center | VA | 2 | - | - | - | - |
| Three Rivers | SC | 1 | 1 | - | 5 | - |
| UHS-Gulf Coast | FL | 1 | - | 1 | - | - |
| UHSI-Hermitage. Hall | TN | - | - | - | 1 | - |
| UHSI-Laurel Oaks | AL | - | 3 | 4 | 1 | 3 |
| Total Out-of-State Admissions | - | 21 | 19 | 14 | 27 | 11 |

Sources: [http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2013.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2013.pdf), p.142;
[http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2014.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2014.pdf), p.144; and
[http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204\(f\)_2015.pdf](http://dlslibrary.state.md.us/publications/Exec/DJS/HU9-204(f)_2015.pdf), p. 146

This application targets a subset of those youth placed out of state – transition-aged males with complex mental health, substance abuse issues, and behavioral problems. Currently DJS is sending this population solely to the Devereux, Georgia RTC (highlighted in the table above) for treatment. Between FY 2011 and FY 2015, DJS placed 17 males for treatment there. In FY 2016, DJS placed an additional eight males at Devereux. Five of those patients were covered by Medicaid, and thus would have been suitable for placement in CTC's proposed Right Moves program. (DI# 13, p.1) DJS would directly cover the cost of the remaining three and decide where to place them on a case-by-case basis.

The applicant forecasts that all eight patients placed in Devereux's program in FY 2016 will be transferred to the Right Moves program in FY 2017. DJS forecasts that the number of males projected to need such treatment will remain constant through FY 2019.

The ability of this project to meet the need for RTC placement slots in Maryland for this 18 to 20 year old male population has been demonstrated.

- (b) ***Sex-specific Programs.*** *Each applicant shall document sex specific programs, and provide a separate therapeutic environment and, to the extent necessary, a separate physical environment with the treatment needs of each group it proposes to serve.*

The Right Moves Program will exclusively treat transitional-aged males with complex mental health issues, substance and behavioral problems referred by DJS. Within the hardware secure facility, CTC will provide elements of a separate therapeutic environment between its

existing and new programs. CTC staff will establish schedules for use of the academic, dining, and leisure areas within the facility for each program to ensure that the two populations do not mix. The males will also reside within the existing 29 bed unit which provides age-segregated sleeping quarters for male patients, aged 13-17 and 18- 20. (DI#10, p. 29)

This standard has been met.

- (c) ***Special Clinical Needs. Each applicant shall document treatment programs for those youth with a coexisting mental health and a developmental disability.***

Both the current and proposed programs are capable of serving adolescents and young men with coexisting mental health disorders and developmental disabilities. CTC currently treats AJSOs with mild developmental disabilities. The proposed Right Moves program will provide treatment to males with complex mental health issues and substance abuse and behavioral problems. (DI#10, pg.6 & 29)

This standard has been satisfied.

- (d) ***Minimum Services. Each applicant shall propose and document services which include, at a minimum: patient supervision, assessment, screening, evaluation including psychiatric evaluation, psychological testing and individual treatment plan; ward activities; individual, group and family treatment; patient and family education; medication management; treatment planning; case management; placement and aftercare/discharge planning.***

The Right Moves program will offer a comprehensive set of services based on the treatment needs of each referred individual, including: patient supervision; assessment; screening and evaluation, including psychiatric evaluation; psychological testing and individual treatment planning; ward activities; individual, group and family treatment; patient and family education; medication management; treatment planning; case management; and placement and aftercare/discharge planning. A summary of the treatment services included in the Right Moves program is included in Appendix C.

This application is consistent with this standard.

- (e) ***Treatment Planning and Family Involvement. Each applicant shall document that the required minimum services will be provided by a coordinated multi-interdisciplinary treatment team that addresses daily living skills within a group setting; family involvement in treatment to the greatest extent possible, restoration of family functioning; and any other specialized areas that the individualized diagnostic and treatment process reveals is necessary for the patient and family.***

The Right Moves program's team of clinicians will ensure that there is proper documentation of the minimum services provided to address each patient's daily living skills within the group setting. The Right Moves clinicians will review the information provided in the DJS referral packet prior to contact with the youth and his parent or guardian. All relevant information will be included in the patient's record and incorporated into the final biopsychosocial

assessment. (DI#10, p. 32) The program clinicians will create individual treatment plans for each patient that will serve as the blueprint for the patient's course of treatment. This includes establishing measurable treatment goals and objectives, tracking treatment progress and determining what type of post-discharge support the patient will need. (DI# 10, p.33) Family involvement is a key component in the rehabilitation process. By having an in-state program, it is more likely that clinicians will succeed in incorporating family counseling, therapy and restoration in the treatment plan.

This standard has been satisfied.

(f) Education. Each applicant shall document that it will:

- (i) Provide a comprehensive educational program that includes general, special education, pre-career and technology instruction consistent with COMAR 13A.05.01 and COMAR 13A.09.09 Educational Programs in Nonpublic Schools and Child Care and Treatment Facilities;***
- (ii) Provide educational services for Level V nonpublic and Level VI students on the same campus as the treatment facility;***
- (iii) Enter into agreements with local education agencies for the education of all other students; and***
- (iv) Provide a prevocational and vocational program that provides a variety of training programs for students who require job training.***

Patients in the Right Moves program will receive special and general education programs at the New Directions Academy, which is certified by the Maryland State Board of Education and located adjacent to the RTC building. The New Directions Academy staff will provide G.E.D. coursework, an on-site work-study program, career planning, job readiness and preparation programming to the Right Moves patients. College-bound patients will receive assistance with the college selection and application process. (DI#10, pp.34-35)

This application meets this standard.

(g) Medical Assistance. Each applicant shall meet Maryland Medical Assistance Program requirements to establish an Early and Periodic Screening, Diagnosis, and Treatment program, called in Maryland, "The Maryland Healthy Kids Program".

CTC currently meets all requirements for the establishment and operation of the Maryland Healthy Kids Program and all patients referred for the Right Moves Program will have a Medical Assistance Card. (DI#10, p.35)

This standard has been met.

(h) Staff Training. Each applicant shall document that it will:

- (i) Provide a minimum of 40 hours of training to new employees prior to their assuming full job responsibilities;***
- (ii) For each category of direct service personnel provide the curriculum for this training and show how the training will help staff meet the clinical needs of this population; and***

(iii) Provide a continuing education program for all categories of direct service personnel.

CTC provided a copy of its proposed staff training policies and materials, which included: (1) forty hours of training for new employees prior to assuming their full job responsibilities; (2) the curriculum and training in skills and knowledge for all employees, support staff and management, which includes shadowing with experienced counselor technicians; and (3) continued training throughout the first year of employment and annually thereafter. (DI# 10, Att. G, and DI#14, pp.7-8 & Att. A)

This standard has been met.

(i) Staffing.

- (i) The applicant shall document that it will provide, either directly or by agreement, sufficient number of qualified professional, technical, and supportive staff to provide services to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident as determined by a comprehensive assessment and individualized treatment and education plan.***
- (ii) The applicant shall document how the level of staffing will provide active treatment and fulfill the goals of its proposed treatment programs and meet the needs of the patients.***

The applicant projects a need to increase its staffing by 13.9 FTE's (a 29% increase) to operate the Right Moves program. There will be a 1:3 staff to patient ratio. The clinical staff will consist of a board-certified psychiatrist, counselors, social workers, nurses, and technicians. The administrative staff will consist of a program administrator, quality assurance personnel, and human resources staff. The support staff will include a dietary team, activity specialists, educators, and the director of environment and physical plant. (DI# 20, p.36)

This standard has been satisfied.

(j) State Regulations. Each applicant shall document its compliance, or state its intention to comply, with all mandated federal, State, and local health and safety regulations and applicable licensure and certification standards.

CTC states that it will continue to comply with all mandated federal, State, and local health and safety regulations and applicable licensure and certification standards and referenced the Center's current license and certifications. See response to Standard (k), below. (DI#10, p.36 & Attachment H)

Based on documentation provided and its assurance that it will continue to meet mandated standards and regulations, the applicant has satisfied this standard.

(k) Accreditation and Certification. Each applicant proposing a new facility shall agree in writing to apply for JCAHO accreditation and Medicaid certification as soon as

permissible after opening and be jointly licensed as a Special Hospital Psychiatric Facility (COMAR 10.07.01) and as a Residential Treatment Centers (COMAR 10.07.04).

CTC is currently accredited by the Joint Commission for the Behavioral Health Care Accreditation Program, licensed by the Maryland Department of Health and Mental Hygiene's Office of Health Care Quality as a Residential Treatment Center, and is certified by Medicaid.

The applicant provided a copy of CTC's current accreditation and certifications. (DI#10, Att. H) This standard has been satisfied.

- (l) Criminal Background Investigations. Each applicant shall document its procedure for:**
- (i) Complying with Family Law Article, §5560 through §568, Annotated Code of Maryland, governing criminal background investigations for employees; and**
 - (ii) Subjecting volunteers to criminal background investigations.**

CTC provided a copy of its Human Resources (HR) policies and procedures regarding criminal background checks (HR-B02 Recruitment and Selection), which describes how CTC will comply with Family Law Article §5560 through §568, as applicable for a facility with employees that will work with children in compliance with subpart (i) of this standard. In addition, CTC stated that applicants with a history of abuse, neglect, or any other offense would not be eligible for a position. In reference to subpart (ii), CTC stated that any person considered for a volunteer position would be subject to a criminal background investigation. (DI#10, p. 37, DI#14, pp.10-11 & Att. A)

This applicant has met this standard.

- (m) Security. Each applicant shall document it can provide capacity to provide care in secure units, as necessary.**

CTC is located on the hardware-secure campus of DJS's Charles H. Hickey Jr. School. As such, DJS controls all admissions and youth must be adjudicated delinquent and committed to DJS in order to be eligible for admission. (DI# 23, p.1) New Direction staff currently provides for the safety and security of the current population and stated that the Right Moves' staff will provide that same level of safety and security. Under direct supervision of the clinical and direct care staff members, patients in the Right Moves program will utilize common areas (indoor gym, cafeteria and shower room) at scheduled times to prevent co-mingling with New Direction's patients. (DI# 30, p.1).

In response to MHCC staff's concern about the co-location of the AJSO patients (ages 13-20) with the new 18-20-year-old non-AJSO patient population, CTC provided letters from both DJS and OHCQ stating that the co-location of the mixed populations within the current 29 bed housing unit is manageable. DJS stated that it has no concerns about the new population being housed within the current New Directions Program and is satisfied with the safety and security measures being out into place by the provider. (DI# 32). Similarly, OHCQ affirmed its belief that the CTC will effectively manage both programs with a reasonable assurance of safety for the

residents. For copies of the letters, see Appendix D – Letter from DJS and Appendix E – Email from OHCQ. (DI#23, 30 and 32)

This standard has been met.

(4) Certificate of Need Preference Rules. In a comparative review, the Commission will give preference to applications for residential treatment centers that address one or more of the following criteria:

(a) Meeting Special Needs. The applicant proposes to treat individuals who are arsonists, assaultive or highly aggressive emotionally disturbed individuals, dually diagnosed (mentally ill, addicted or developmentally disabled) individuals, or physically disabled individuals.

(b) Community Based Services. The applicant proposes to provide aftercare services in community based settings, such as shelters, short term residential care, therapeutic group homes, respite care, alternative living units, day treatment programs, outpatient, and other community based transitional settings.

Although this is not a comparative review, CTC states that the Right Moves program will meet the special treatment needs of patients who are assaultive, highly aggressive, and emotionally disturbed who may also exhibit a concomitant substance use disorder (SUD). CTC notes that it will also be able to provide aftercare services for older youth post-discharge from the Right Moves program through its affiliation with the Maryland Treatment Centers, which have established outpatient mental health clinics, intensive outpatient, and outpatient SUD facilities. (DI#10, pp.37-38)

This standard has been met.

(5) Certificate of Need Approval Rules.

(a) Minimum Unit Size. The Commission will approve a Certificate of Need application for residential treatment center beds only if each unit has no less than 12 beds.

CTC meets this minimum RTC size requirement.

OTHER CERTIFICATE OF NEED REVIEW CRITERIA (COMAR 10.24.01.08G)

B. NEED

COMAR 10.24.01.08G(3)(b) Need. The Commission shall consider the applicable need analysis in the State Health Plan. If no State health plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be serviced, established that the proposed projects meets those needs.

This project is designed to meet the need for a secure, in-state treatment resource for 18-to-20 year-old males for which DJS seeks an appropriate placement for residential treatment.

Currently, out-of-state placement is the only option of this male population. Please refer to the preceding discussion of NEED at 10.24.07G(3)(a).

C. AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES

COMAR 10.24.01.08G(3)(c) Availability of More Cost-Effective Alternatives. The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

There are no other hardware-secure RTCs in the State of Maryland with facility capacity that will accommodate a program for transition-aged males with mental and psychological issues. The only current alternative for those requiring this treatment programming is DJS placement to an out-of-state program.

Table IV-2 below compares the cost in FY 2016 of outsourcing treatment to an out-of-state RTC (DJS is currently only placing the target population of young men at the Deveraux, Georgia facility) and the cost of providing that treatment at the Chesapeake Treatment Center.

Table IV-2: Annual Cost Comparison of Out-of-State vs. In-State Level III RTC treatment

| Description | Chesapeake Treatment Center | Out-of-State Provider (Deveraux) |
|---------------------------------|-----------------------------|----------------------------------|
| Per Diem Cost | \$ 469.46 | \$ 389.79 |
| Total of Annual Per Diem | \$ 171,352.90 | \$ 142,273.35 |
| Additional Costs ³ : | | |
| Annual visit | at expense of CTC | \$ 650.00 |
| Secure transport | provided by DJS | 9,000.00 |
| Quarterly CMS visit | at expense of CMS | 1,500.00 |
| Quarterly Parent visit | at expense of CTC | 2,700.00 |
| Total of Additional Expenses | \$ - | \$ 13,850.00 |
| Total Cost for Treatment | \$ 171,352.90 | \$ 156,123.35 |

CTC's per diem cost is 20% higher than that of the current preferred out-of-state ("OOS") program provider. When the additional costs associated with an OOS placement (e.g., secure transport and quarterly and annual visits by DJS case workers, CMS, and parents/guardians) are added to the annual per diem the cost differential narrows to about \$15,000 (just under 10%). CTC believes family participation is more likely to occur with in-state treatment and that this is a desirable part of a treatment protocol. (DI# 10, p.32)

In assessing the cost-effectiveness of alternatives, the Commission must consider both costs and results. In this case, effectiveness is measured by a facility's ability to successfully

³ Additional costs will vary based on location, airline and time period

rehabilitate its patients. According to DJS, since July 1, 2012, ten males have been released from Devereux in Georgia, the only comparable facility for the proposed population. Of those ten, only five successfully completed¹ the program and the remaining five either left without leave (one) or were released without an assessment of successful completion (four). In comparison, since July 1, 2012, CTC has released 81 males.⁴ Of those 70 successfully completed the program, one left without leave, three were transferred to a hospital, and seven were released without successful completion. The Devereux facility has a recidivism rate of 20% for all of its programs while the New Directions program reports a recidivism rate of 10%.

That leaves a variety of factors to consider when assessing cost-effectiveness:

- In-state placement makes family involvement much easier.
- The proposed in-state option – CTC – has a more effective record of successful treatment (albeit with a somewhat different clientele).
- Out of state placement is about 10% less costly.
- DJS – the agency that is responsible for and pays for these placements – is seeking an in-state option.

On balance, staff concludes that this project is a cost-effective alternative for treatment of the target population.

D. VIABILITY OF THE PROPOSAL

COMAR 10.24.01.08G(3)(d) Viability of the Proposal. The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

Availability of Resources Necessary to Implement the Project

The total estimated cost to implement the Right Moves program is \$80,000. The \$80,000 includes \$40,000 to refurbish eight existing patient dorm rooms and the community day room, in addition to refinishing the floors in the patient dorm rooms, community day room, and hallway. CTC plans to purchase room furnishings and sports equipment with the remaining \$40,000. The source of funds for this project is cash from existing operations.

To substantiate the availability of resources to implement this project, the applicant provided the consolidated financial statements for Chesapeake Treatment Center, Inc. & Subsidiaries for the fiscal years 2014 and 2015. (DI# 10, Att. F) Given that the net income from operations for 2015 was a loss of \$197,040, CTC stated that the parent company, Florida Investment Group is able to provide a capital advance if the applicant experiences any financial difficulties. The company's end-of-year cash balances reflected \$317,567 in 2015 and \$340,255 in 2014, sufficient to cover the costs associated with this project.

⁴ Note that the populations treated at these facilities are not identical; CTC treated the youth who were AJSO, while the out of state placements were transition-aged males with complex mental health issues, substance and behavioral problems. However, staff believed that the data still offered a reasonable sample of comparison.

Availability of Resources Necessary to Sustain the Project

With the increase in admissions resulting from initiation of the Right Moves program at CTC, the facility projects the following utilization statistics for FY 2017.

Table IV-3: Chesapeake Treatment Center's Current and Projected Utilization

| Description | FY2016 | FY2017 |
|--|---------|--------|
| | Current | Year 1 |
| Admissions | 17 | 25 |
| Patient Days | 6,205 | 9,125 |
| Average Length of Stay | 365 | 365 |
| Occupancy Rate | 59% | 86% |
| Payer Mix (Percent of Patient Days by Payer) | | |
| Medicaid | 89% | 68% |
| DJS ⁵ | 11% | 32% |

Source: DI #10, p.49 and DI#19, Table 1)

Based on this utilization, the applicant projects the following financial performance.

Table IV-4: Revenue and Expense Statement Chesapeake Residential Treatment Center

| Description | Entire Facility | | The Proposed Project |
|---|---------------------|--------------------|----------------------|
| | Current Yr. | Year 1 | Year 1 |
| Gross Patient Revenue | \$3,515,000 | \$5,124,000 | \$1,606,000 |
| Allowance for Bad Debt | (20,000) | (20,000) | -- |
| Contractual Allowance | (468,000) | (603,000) | (193,000) |
| Net Patient Services Revenue | 3,027,000 | 4,501,000 | 1,413,000 |
| Other Operating Revenue | 749,000 | 949,000 | 200,000 |
| Net Operating Revenue | \$ 3,776,000 | \$5,450,000 | \$1,613,000 |
| Salaries, Wages, Professional Fees (including benefits) | \$2,472,000 | \$3,452,000 | \$1,036,000 |
| Contractual Services | 637,000 | 1,165,000 | 350,000 |
| Interest on Current Debt | 5,000 | 4,000 | 1,000 |
| Current Depreciation | 28,000 | 42,000 | 8,000 |
| Project Depreciation | -- | -- | 4,000 |
| Supplies | 120,000 | 201,000 | 60,000 |
| Other Operating Expenses | 411,000 | 484,000 | 145,000 |
| Total Operating Expenses | \$3,673,000 | \$5,348,000 | \$1,604,000 |
| Income from Operation | \$103,000 | \$102,000 | \$9,000 |
| Income Taxes | | \$6,000 | -- |
| Net Income | \$103,000 | \$96,000 | \$9,000 |

⁵ The Department of Juvenile Services will provide full payment for patient care for males in the Right Moves program not covered by Medicaid.

Although the applicant's net income is expected to decrease from the current year, the annual income from DJS for the proposed new program will bring the Center a positive new line of operating income.

CTC has experienced a decline in referrals to New Directions in recent years. With more emphasis placed on community-based treatment and DJS's focus on reducing the time youth are committed to facilities and detention centers, CTC forecasts a continued decline in referrals for the New Directions program. Given that CTC is totally dependent upon DJS for all of its referrals, the addition of this new line of service will improve the viability of the Chesapeake Treatment Center as a resource for DJS placements. Staff concludes that this project is viable.

E. COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED

COMAR 10.24.01.08G(3)(e) Compliance with Conditions of Previous Certificates of Need. An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

The applicant stated that it had not had any CON applications in the last 15 years. The initial CON to establish the New Directions program was awarded to this applicant on July 13, 1999. The applicant complied with all terms and conditions of the CON and met all commitments.

F. IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM

COMAR 10.24.01.08G(3)(f) Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

There do not appear to be other potential providers for this type of residential treatment for this targeted patient population in Maryland. The Maryland Residential Treatment Coalition provided a letter of support on behalf of existing providers in the residential treatment center community. The letter stated that the new line of service would prove beneficial in ensuring the coordination of clinical services while better enabling parent, guardian and DJS case managers to have active involvement in the patient's rehabilitation. (DI# 21)

Staff finds that this project's impact will be positive without negatively affecting other health care providers, bed occupancy, or charges. As previously noted, the project will entail higher costs for the State of Maryland than the current out-of-state alternative. However, staff finds that this additional cost is reasonable, in light of the positive impact potential for treating patients closer to their home and family.

APPENDIX A: Record of the Review

| Item # | Description | Date |
|--------|---|----------|
| 1 | Letter - Initial Letter of Intent Acknowledgement of Receipt (Potter) | 3/18/15 |
| 2 | Letter - Modified Letter of Intent (McAlee) | 6/25/15 |
| 3 | Staff requests that Maryland Register publish notice soliciting additional letters of intent to establish an increase capacity at a Residential Treatment Center (Potter) | 6/26/15 |
| 4 | Certificate of Need application filed (Bixler) | 12/22/15 |
| 5 | Staff requests that the Maryland Register publish notice of receipt of the CON application (Potter) | 12/28/15 |
| 6 | MHCC acknowledges receipt of this CON application for Baltimore County (Potter) | 12/30/15 |
| 7 | Staff request that the Baltimore Sun publish notice of receipt of CON application for Baltimore County | 12/30/15 |
| 8 | Commission staff requests that the applicant reformat CON application for review (McDonald) | 12/7/15 |
| 9 | Notice of receipt of application as published in the Baltimore Sun | 12/9/15 |
| 10 | MHCC received reformatted CON Application for review (Potter) | 1/11/16 |
| 11 | MHCC staff sends first request for completeness and additional information | 1/21/16 |
| 12 | Email – Grant/McDonald - Request and extension to file completeness information until 2/19/16 | 1/21/16 |
| 13 | Letter from Abed (DJS) to MHCC – Support for project | 2/2/16 |
| 14 | MHCC receives response to 1/21/16 first request for completeness and additional information | 2/16/16 |
| 15 | MHCC staff sends second request for completeness and additional information | 2/24/16 |
| 16 | MHCC staff sends request for additional information | 2/25/16 |
| 17 | Additional completeness responses received | 3/2/16 |
| 18 | Letter from Steffen to Abed (DJS) Response to letter of Support for project | 3/3/16 |
| 19 | Email – McAlee to McDonald - Corrected Table 1 | 3/4/16 |
| 20 | Email – McAlee to McDonald - Clarification regarding 3 rd round of completeness questions | 3/4/16 |
| 21 | Letter – Hackbarth (MRTC) to McDonald – Support for project | 3/17/16 |
| 22 | E-mail - McDonald to McAlee - Additional information | 4/19/16 |
| 23 | Letter- Abed (DJS) to Steffen – Response to letter on 3/3/16 | 4/27/16 |
| 24 | MHCC requests Maryland Register to publish notice of formal start of review (Potter) | 4/19/16 |
| 25 | Notice to applicant of formal start of review of application will be 5/13/16 (Potter) | 5/2/16 |
| 26 | Request sent to Baltimore Sun to publish notice of formal start of review (Potter) | 5/2/16 |
| 27 | Request made for local health planning department for comment | 5/2/16 |

| | | |
|----|--|---------|
| 28 | E-mail - R. McAlee to McDonald - additional information | 4/16/16 |
| 29 | Notice of formal start of review published in the Baltimore Sun | 5/12/16 |
| 30 | Email – Webster to Clark – Information from OHCQ | 6/3/16 |
| 31 | E-mail - Flanigan to Clark – Summary of Information | 6/8/16 |
| 32 | Letter - Abed to McDonald – Response letter regarding mixed population housing | 6/10/16 |
| 33 | Email - Flanigan to Clark - letter from the Department of Juvenile Services | 6/15/16 |

Appendix B: Maryland Residential Treatment Centers

| Residential Treatment Center | County | Region | Age Ranges | Gender | Specialty | Program Placement Level | Licensed Bed Capacity |
|--------------------------------------|------------------|------------------|----------------|--------|--|-------------------------|-----------------------|
| Behavioral Health – Eastern Shore | Dorchester | Eastern Shore | 12-17 18-20 | Co-ed | Substance Abuse program | II | 59 |
| Chesapeake RTC – New Directions | Baltimore County | Central Maryland | 13-17 18-20 | Male | Sexually aggressive from DJS | III | 29 |
| Good Shepherd Center | Baltimore County | Central Maryland | 13-17 18-20 | Male | Dual diagnosis substance abusers, developmentally disabled | II | 30 |
| Good Shepherd Center | Baltimore County | Central Maryland | 13-17 18-20 | Female | Dual diagnosis substance abusers, developmentally disabled | II | 85 |
| Jefferson School | Frederick | Western Maryland | 12-17 18-20 | Male | Substance abuse with dual diagnosis | II | 53 |
| Potomac Ridge (Adventist Healthcare) | Montgomery | Montgomery | 13-18 | Co-ed | Sexually aggressive. IQ criteria 70 and up. | II | 88 |
| RICA Baltimore RTC | Baltimore City | Central Maryland | 12-18 | Co-ed | | II | 45 |
| RICA Rockville RTC | Montgomery | Montgomery | 11-18 | Co-ed | | II | 80 |
| Sheppard Pratt Towson MANN | Baltimore County | Central Maryland | 12-18 | Co-ed | | II | 58 |
| Villa Maria | Baltimore County | Central Maryland | 5-13 | Co-ed | | II | 95 |
| Woodbourne | Baltimore City | Central Maryland | 12-18 | Male | Sexually Suggestive. IQ criteria: 70 and up | II | 48 |

Sources: <http://www.mdcoalition.org/resources/pages/residential-treatment-centers>, http://www.djs.maryland.gov/drg/2015/2015_Full_DRG.pdf, p.144, and http://dhmh.maryland.gov/ohcq/docs/Provider-Listings/PDF/WEB_RTC.pdf

Appendix C: The Right Moves Program Services Summary

| |
|--|
| Comprehensive mental health assessment, diagnosis, treatment, & medication management |
| Substance Use Disorders (SUD) prevention, education & treatment |
| Therapeutic milieu and positive peer culture |
| Evidence-based practice models for care, e.g. cognitive behavioral therapy (CBT), motivational enhancement therapy (MET), recovery oriented systems of care (ROSC) |
| Individual, group and family counseling |
| Strength-based individual treatment |
| Educational assessment and services as needed, regular or special education |
| Individual and group counseling |
| Structured family education & counseling program with flexible hours available to provide easy access and transportation for family members provided as needed |
| Case management |
| Positive behavioral intervention including a peer support culture |
| Vocational assessments programming and vocational program placement |
| Career exploration and planning |
| Job preparedness and help with job search with the goal of each resident accessing a viable part time or full time position in his home community prior to discharge |
| Community services program with residents volunteering, e.g. in the local animal shelters, soup kitchens, etc. |
| Competency, life skills and character development curriculum |
| Special interest and gender specific groups will include: conflict resolution, health education, anger management, violence prevention, accountability, and responsibility, etc. |
| Victims awareness |
| Nutritional and diet planning |
| Physical health and training with youth in an already existing sports and recreational program |
| Parenting classes for those youth with children |
| Cultural awareness with field trips to local museums, cultural events, etc. |
| Art and music activities |
| Recreation and sports activities on the grounds |
| Identification of community resources that are specifically designed to support the program needs of each individual upon discharge |
| Discharge and continuing care planning |
| Monitoring 12 months' post-discharge in a collaborative effort with DJS so that model viability and outcomes can be assessed |

Appendix D – Letter from DJS



MARYLAND Department of Juvenile Services

Stronger Youth • Strong Leaders • Safer Communities

One Center Plaza
120 West Fayette Street
Baltimore, MD 21201

Boyd K. Rutherford
Lt. Governor

Larry Hogan
Governor

Sam Aboc
Secretary

June 10, 2016

Kevin McDonald
Chief, Certificate of Need
Maryland Health Care Commission
41601 Patterson Avenue
Baltimore, Maryland 21215

RE: Certificate of Need Application
Chesapeake Treatment Centers, Inc.
Matter No. 15-24-2371

Dear Mr. McDonald:

This letter is provided in response to your request for additional information from DJS concerning Chesapeake Treatment Center's proposal to reallocate 8 of its beds to new program for older youth. DJS is familiar with the layout of the physical plant.

Dr. Ito has provided the following comments.

Many of the "violent sex offenders" currently located at New Directions share similar characteristics of those non-sex offender youth being considered for a hardware-level RTC. The youth being considered typically display aggressive/assaultive behavior that cannot be managed in a less secure setting. JSOs (juvenile sex offenders) may also have that similar history of aggressive/assaultive (and certainly coercive) behavior.

The proposed population may also display sexually inappropriate behaviors that may not have risen to a reported offense level for a variety of reasons. Therefore, they would benefit from the similar programming/interventions. The JSO population also displays non-sex offender behavior that is maladaptive and similar to the proposed population.

Finally, treatment for the new population would be very similar to what is being provided to the JSO population - which would include victim empathy, cycle of offending, relapse prevention, etc., so the treatment component of the program would only need minor modifications.

DJS has no concerns about the new population being housed within the current New Directions program and is satisfied with the safety and security measures being put into place by the provider.

Please let me know if further information is needed.

Sincerely,

Sam Aboc
Secretary

c: Michael Ito, Psy.D., Department of Juvenile Services
Van T Mitchell, Secretary, Department of Health and Mental Hygiene
Mark Fishman, M.D., Medical Director, Maryland Treatment Center d.b.a. Mountain Manor
File



Appendix E – Email from OHCQ

6/16/2016

Maryland.gov Mail - Chesapeake Residential Treatment Center



Angela Clark -DHMH- <angela.clark1@maryland.gov>

Chesapeake Residential Treatment Center

Renee Webster -DHMH- <renee.webster@maryland.gov>
To: Angela Clark -DHMH- <angela.clark1@maryland.gov>

Fri, Jun 3, 2016 at 12:28 PM

The Office of Health Care Quality currently serves a population of adjudicated sexual offenders. The program has operated in good standing with the Department for many years with few complaints and deficiencies. The program is in a secured building on the Charles Hickey campus. All rooms are private with toileting facilities in the room. There are community activity areas and shower rooms. The facility is requesting approval to serve a population of adjudicated individual but these individuals will not have been adjudicated for a sex offense.

The new program will be allocated to 8 existing rooms and a previous activity room is being renovated to allow for designated dayroom area for the new population's use. Showers at this facility are already scheduled to maintain security and the special needs of some of the current residents and will be separately scheduled for the individuals in the new program. The populations will be comingled for some recreational outings and for school. It is my understanding that this will provide an opportunity to serve individuals who are currently sent out of state and is being provided at the request of DJS who will fund the care of these individuals.

Considering the secured nature of the facility and its good track record I believe the facility can manage both programs with a reasonable assurance of safety to the residents and that the request should be approved.

[Quoted text hidden]

[Quoted text hidden]

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--
Renee B. Webster, REHS
Assistant Director for Hospitals and Laboratories
Office of Health Care Quality
Spring Grove Center, Bland Bryant Building
55 Wade Avenue
Catonsville MD 21228
410-402-8000, FAX 410-402-8167
renee.webster@maryland.gov

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IN THE MATTER OF

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BEFORE THE

CHESAPEAKE TREATMENT

MARYLAND HEALTH

CENTERS, INC.

CARE COMMISSION

DOCKET NO. 15-24-2371

FINAL ORDER

Based on Commission Staff's analysis in its Report and Recommendation, it is this 21st day of July 2016, **ORDERED** that:

The application for Certificate of Need submitted by Chesapeake Treatment Centers, Inc. to expand its residential treatment center program to provide comprehensive clinical services to a new population, 18-to-20 year-old males with complex mental health, substance abuse, and behavior problems who have been committed to the Department of Juvenile Services, and refurbish eight patient rooms at CTC and the community/day room, and furnish the facility with movable equipment for the establishment of the Right Moves Program at the current facility operating at 9700 Old Harford Road in Parkville (Baltimore County), at an estimated cost of \$80,000 be, and hereby, is **APPROVED**.

MARYLAND HEALTH CARE COMMISSION

July 21, 2016